

MANAGER'S MESSAGE

City Reaps Benefits from Refinancing of Pension Obligation Bonds

If you're a homeowner, you know that your mortgage payment takes a big bite out of your family's budget each month. That's why many of us consider refinancing our mortgage whenever interest rates fall, because there's a good chance we'll be able to reduce our monthly

AN UPDATE ON TOPICS OF INTEREST TO CITY STAFF FROM CITY MANAGER DAN HOBBS

payment. The money we save as a result can help us take care of other needs like fixing the roof or sending the kids to college. It can also be put away in a savings account for future needs or any emergencies that might arise.

This scenario is very similar to the issues we faced as we considered refinancing our Pension Obligation Bond debt. Back in 1994, the City was required to set aside a \$244 million dollars to fully fund the City's Employee Retirement System and Police and Fire Retirement System. To create the pension fund, the City borrowed the money from banks and investment firms and is, of course, required to pay it back with interest over time. As interest rates have dropped to historically low levels over the past year or so, we realized we had a rare opportunity to refinance this debt and reduce our payments. The savings would, in turn, be used to pay for much needed improvements in the City and also to create a prudent cash reserve for unforeseen needs that might arise in the future.

In late January, City Controller Ruthie Quinto and I traveled to New York City to execute our Pension Bond refinancing plan. Our visit paid big dividends for the City in many ways. As a result of refinancing, the City reduced its Pension Bond payment by \$7.5 million this year and will see a \$5.1 million decrease each year thereafter. Mayor Autry and the City Council have committed the savings to rebuild the City's reserve fund and to make investments in our city's infrastructure. I commend them for their wisdom in pursuing this valuable financial opportunity. Good financial management protects all of our jobs!

It's Budget Season in Fresno

For the past several weeks, you've seen your Division Managers and Department Directors hunkered over their desks, building financial spreadsheets and crunching numbers. That could only mean one thing: It's budget time.

Building our annual budget document is an extremely important process. The budget provides the City with a financial blueprint for the coming year and identifies how our resources

will be used. Accuracy and reliability are essential. A well-crafted budget document will allow us to focus our energies where they are most needed: delivering the best possible services to the people of Fresno. A sloppy budget, on the other hand, creates unnecessary problems and could very well keep us from meeting our goals for the coming year.

Creating a budget is time-consuming work. That will be especially true in this budget cycle as we introduce a new format that provides much greater detail than before. When it's completed, our 2002-03 Annual Budget will be easier to understand, while being more comprehensive at the same time. In a nutshell, it will show how every dollar of our nearly \$800 million budget is being spent. If someone says, "show me the money," we'll be able to do just that!

Recent Changes Made to Improve Effectiveness of City Departments

Last month, with Council approval, we made several significant changes to the organizational structure of City Hall. One of the biggest changes was the reorganization of a very large and complex department, Administrative Services (DAS), into four smaller departments: General Services, Personnel Services, Finance and Information Services. The purpose of this reorganization is to ensure each of these key areas has the necessary management oversight to effectively carry out their duties and provide the most responsive customer service.

Other changes included the renaming of two departments. As a result, our Planning and Development Department (formerly Development) and the Housing, Economic and Community Development Department (formerly Housing and Neighborhood Revitalization) now have names that more accurately reflect their mission within our organization.

These changes came about through our determination to evaluate and implement recommendations contained in the 2001 Macias Report, which studied the efficiency of City departments and services. Over 100 improvements to the way we do business at the City are being put in place as a result of the Macias study.

United Way Campaign on the Horizon

For the past several weeks, a committee of department representatives has been preparing for the upcoming roll-out of our citywide United Way campaign. The United Way provides an easy way for all of us to support over 100 charities and non-profit organizations through convenient payroll deductions. These agencies serve children, the elderly, families, neighborhoods and the disabled to help make our community a healthier place to live.

With a workforce of nearly 4,000 employees, we can make a significant contribution to the organizations that meet so many of our community's needs. We're planning a fun campaign where we will share information with you about the United Way and how you can get involved. I hope you'll choose to be a part of this worthwhile community effort.

If you have questions or comments regarding the information contained in the Manager's Message or if you'd like to recommend topics for discussion, please contact Public Affairs Officer Randy Reed or email randy.reed@ci.fresno.ca.us

